

RS-07-141

October 10, 2007

U. S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Washington, DC 20555-0001

Clinton Power Station, Unit No. 1  
Facility Operating License No. NPF-62  
NRC Docket No. 50-461

Oyster Creek Nuclear Generating Station  
Facility Operating License No. DPR-16  
NRC Docket No. 50-219

Three Mile Island Nuclear Station, Unit 1  
Facility Operating License No. DPR-50  
NRC Docket No. 50-289

Subject: Notice Regarding Redemption Affecting Ownership of AmerGen Energy Company, LLC

This provides notice to the NRC regarding a planned redemption of ownership interests in AmerGen Energy Company, LLC (AmerGen). On or about October 31, 2007, AmerGen plans to redeem approximately 0.02% of the value of the ownership interests in AmerGen held directly by Exelon Generation Company, LLC (EGC). The planned redemption is necessary in order to prevent certain negative federal income tax consequences resulting from income tax planning initiatives, which involve certain elections relating to the tax treatment of corporate entities within the Exelon Corporation family.

In connection with the proposed redemption, and other planned corporate actions, there will be no new corporate entity introduced in the corporate chain of ownership of AmerGen. However, as a result of the redemption, EGC will directly own approximately 49.99% of AmerGen, and will indirectly own the remaining approximately 50.01% of AmerGen through other entities that it wholly owns which do not "control" AmerGen within the meaning of the Atomic Energy Act and NRC's implementing regulations. This redemption does not involve a direct or indirect transfer of its licenses, and therefore, no NRC approval is required pursuant to 10 CFR 50.80.

In approving AmerGen's acquisitions of its Part 50 reactor licenses, NRC has previously concluded that EGC owns and controls AmerGen under the terms of the Limited Liability

Company Agreement of AmerGen (LLC Agreement) dated August 18, 1997, as amended and restated, and that such control is exercised through EGC's direct interest in AmerGen (which has been a 50% ownership interest). In addition, pursuant to a Purchase and Sale Agreement dated October 10, 2003, EGC has acquired an indirect 50% ownership interest in AmerGen by acquiring certain U.S. subsidiary companies formerly owned indirectly by British Energy PLC (BE). By letter dated December 15, 2003, from Donna M. Skay (NRC) to Jeffrey A. Benjamin (EGC), the NRC determined that, at the time, EGC's purchase of BE's 50% interests in AmerGen did not involve any "...direct or indirect 'transfer of control' of the licenses held by AmerGen pursuant to Title 10 of the *Code of Federal Regulations* (10 CFR), Part 50, Section 80 (10 CFR 50.80), because Exelon currently exercises control of AmerGen and will remain in control of AmerGen after the purchase agreement is consummated."

Prior to acquiring BE's interests in AmerGen, EGC exercised control of AmerGen, because under the terms of the LLC Agreement, it appointed three of six members of the AmerGen Management Committee and appointed the Chairman who retained the "casting" or deciding vote regarding any "safety issues" as defined in the LLC Agreement. After acquiring BE's interests, the LLC Agreement was amended to provide that there would be just five members of the Management Committee and EGC would appoint three of the five members and the Chairman through its direct ownership interest in AmerGen. Prior to the planned redemption, the LLC Agreement will be further amended to provide that unanimous consent is required to change the agreement with regard to rights to appoint members of the Management Committee or rights to appoint the Chairman. Thus, EGC will continue to exercise direct control over AmerGen through its rights to appoint the majority of the Management Committee and the Chairman without regard to the percentage of its direct ownership interests (i.e., even when it directly owns less than 50%).

As such, there will be no direct or indirect "transfer of control" of the licenses held by AmerGen in the context of 10 CFR 50.80, "Transfer of licenses," in connection with the proposed redemption. After the redemption is completed, EGC will continue to exercise "control" of AmerGen, within the meaning of the Atomic Energy Act and NRC's implementing regulations, through its direct ownership interests.

If you have any questions concerning this submittal, please contact Patrick Simpson at (630) 657-2823.

Respectfully,



Darin M. Benyak  
Director – Licensing  
AmerGen Energy Company, LLC

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cc:     Regional Administrator – NRC Region I  
          Regional Administrator – NRC Region III  
          NRC Senior Resident Inspector – Clinton Power Station  
          NRC Senior Resident Inspector – Oyster Creek Nuclear Generating Station  
          NRC Senior Resident Inspector – Three Mile Island Station